

HORIZON CABLE TV, INC.  
NOTES TO FINANCIAL STATEMENT  
NOVEMBER 30, 1993  
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

THE COMPANY CONSTRUCTS, OPERATES AND MAINTAINS CABLE TELEVISION SYSTEMS IN THE FAIRFAX AREA. THE CORPORATION GRANTS CREDIT TO CUSTOMERS, SUBSTANTIALLY ALL OF WHOM ARE LOCAL RESIDENTS.

FIXED ASSETS

FIXED ASSETS CONSIST OF CABLE TV SYSTEMS, TEST AND OPERATING EQUIPMENT, OFFICE EQUIPMENT AND VEHICLES. DEPRECIATION ON THESE ASSETS IS COMPUTED FOR FINANCIAL STATEMENT PURPOSES BY A COMBINATION OF BOTH STRAIGHT-LINE AND DECLINING BALANCE METHODS APPLIED TO INDIVIDUAL ASSETS. THE ESTIMATED LIVES ARE FROM FIVE TO FIFTEEN YEARS.

FOR FEDERAL INCOME TAX PURPOSES, THE MODIFIED ACCELERATED COST RECOVERY SYSTEM IS USED FOR ASSETS ACQUIRED AFTER 1986.

BAD DEBTS

NO PROVISION HAS BEEN MADE FOR ACCOUNTS RECEIVABLE THAT MAY BE UNCOLLECTIBLE. IT HAS BEEN THE POLICY OF MANAGEMENT TO WRITE OFF BAD DEBTS IMMEDIATELY UPON SUCH DETERMINATION.

COMMON STOCK

10,000 SHARES OF COMMON STOCK WERE AUTHORIZED AND 4,000 SHARES HAVE BEEN ISSUED AT \$ 30.00 PER SHARE.

INCOME TAXES

INCOME TAXES FOR HORIZON CABLE TV, INC. FOR THE YEAR ENDED JULY 31, 1993 WERE \$ 800.00 FOR CALIFORNIA AND \$ -0- FOR FEDERAL. THE COMPANY FILES A CONSOLIDATED TAX RETURN WITH ITS PARENT CORPORATION, VIDEO ENGINEERING, INC. HORIZON CABLE TV, INC. IS A WHOLLY-OWNED SUBSIDIARY OF VIDEO ENGINEERING, INC., A PRIVATELY-HELD CORPORATION.

THE DIFFERENCES BETWEEN PRE-TAX ACCOUNTING INCOME AND TAXABLE INCOME, SUCH AS THE USE OF ACCELERATED METHODS OF DEPRECIATION, ARE NOT DEEMED TO BE MATERIAL. THEREFORE, A DEFERRED TAX LIABILITY HAS NOT BEEN RECOGNIZED.

HORIZON CABLE TV, INC.  
NOTES TO FINANCIAL STATEMENT - CONT'D  
NOVEMBER 30, 1993  
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D  
  
STATEMENT OF CASH FLOWS

THE STATEMENT OF CASH FLOWS USES THE DIRECT METHOD. THE CORPORATION CONSIDERS ALL HIGHLY LIQUID DEBT INSTRUMENTS PURCHASED WITH A MATURITY OF THREE MONTHS OR LESS TO BE CASH EQUIVALENTS.

LOAN FEES

THERE ARE TWO LOAN FEES PAID ON SILICON VALLEY BANK NOTES. THE FIRST ONE, IN THE AMOUNT OF \$ 12,415.10 DATED NOVEMBER 21, 1991, IS BEING AMORTIZED OVER THE THREE YEAR LIFE OF THE LOAN. THE SECOND ONE, IN THE AMOUNT OF \$ 26,891.00 DATED JUNE 15, 1991, IS BEING AMORTIZED OVER THE FIVE YEAR LIFE OF THE LOAN.

NOTE B      OPERATING LEASE

THE COMPANY IS LEASING A COMPUTER AND SOFTWARE FROM ADVANTA. THE LEASE IS FOR A FOUR YEAR TERM BEGINNING FEBRUARY, 1991 WITH A MONTHLY RENTAL OF \$ 251.90.

THE FOLLOWING IS A SCHEDULE BY YEARS OF MINIMUM LEASE PAYMENTS AS OF NOVEMBER 30, 1993.

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 2,015.20
1995	<u>1,763.30</u>
	\$ 3,778.50

NOTE C      RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS ARE INCLUDED ON THE SCHEDULE OF NOTES PAYABLE AND CONSIST OF THE FOLLOWING:

VIDEO ENGINEERING, INC.	\$ 41,503.00
KEN DANIEL	\$ 640,249.99



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**ROBERTS, EXBERGER & LUMBERT ACCOUNTANCY CORPORATION**

11/30/93

HORIZON CABLE TV, INC.  
FAIRFAX, CALIFORNIA

WE HAVE COMPILED THE ACCOMPANYING BALANCE SHEET OF HORIZON CABLE TV, INC., AT OCTOBER 31, 1993, AND THE RELATED STATEMENTS OF INCOME AND CASH FLOWS FOR THE THREE MONTHS THEN ENDED, IN ACCORDANCE WITH STANDARDS ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF FINANCIAL STATEMENTS INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM.

*Roberts, Exberger & Lumbert*

HORIZON CABLE TV, INC.  
BALANCE SHEET  
SEE ACCOUNTANT'S  
COMPILATION REPORT

AS OF OCTOBER 31, 1993

ASSETS

CURRENT ASSETS

PETTY CASH	\$	40.00	
CASH IN BANK - WELLS FARGO		77.26	
CASH - SHEARSON LEHMAN		38,460.65	
CASH IN BANK-SILICON VALLEY BK		(235.41)	
CASH IN BANK-SILICON VALLEY BK		259.18	
MARKETABLE SECURITIES - NOTE D		52,578.83	
ACCOUNTS RECEIVABLE		23,515.74	
PREPAID TAXES		14,187.96	
PREPAID RENT		982.59	
PREPAID EXPENSES		3,118.54	
		-----	
TOTAL CURRENT ASSETS			\$ 132,985.34

FIXED ASSETS - NOTE A

CATV - HAMILTON FIELD	\$	540,247.94	
CATV - LUCAS VALLEY		22,819.10	
CATV - DILLION BEACH		11,324.93	
CATV - POINT MOLATE		25,752.72	
CATV - WEST MARIN		1,794,217.61	
OPERATING EQUIPMENT		13,326.07	
OFFICE EQUIPMENT		21,577.30	
VEHICLES		37,523.73	
ACCUMULATED DEPRECIATION		(507,567.00)	
		-----	
TOTAL FIXED ASSETS			\$ 1,959,222.40

OTHER ASSETS

DEPOSITS	\$	251.90	
LOAN FEES - NOTE A		22,605.58	
		-----	
TOTAL OTHER ASSETS			\$ 22,857.48
			-----
TOTAL ASSETS			\$ 2,115,065.22
			=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
BALANCE SHEET  
SEE ACCOUNTANT'S  
COMPILATION REPORT

AS OF OCTOBER 31, 1993

LIABILITIES AND EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$	13,220.00
NOTES PAYABLE - SCHEDULE 1		1,048,363.18
FEDERAL P/R TAXES PAYABLE		2,354.98
STATE P/R TAXES PAYABLE		354.83
ACCRUED INT-SILICON VALLEY BK		5,144.52
ACCRUED INT - VIDEO ENG.		5,212.46
ACCRUED INT - KEN DANIEL		116,091.32
ACCRUED PAYROLL		4,499.00
CONVERTER DEPOSITS		8,477.60

TOTAL CURRENT LIABILITIES

\$ 1,203,717.89

LONG TERM LIABILITIES

NOTES PAYABLE - SCHEDULE 1	\$	1,020,128.49
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TOTAL LONG TERM LIABILITIES

\$ 1,020,128.49

TOTAL LIABILITES

\$ 2,223,846.38

STOCKHOLDERS EQUITY

COMMON STOCK - NOTE A	\$	120,000.00
RETAINED EARNINGS (DEFICITS)		(204,869.79)
NET INCOME (LOSS)		(23,911.37)

TOTAL EQUITY

\$ (108,781.16)

TOTAL LIABILITIES AND EQUITY

\$ 2,115,065.22

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
INCOME STATEMENT  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 10/31/93 & THE THREE MONTHS ENDED 10/31/93

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME - SCHEDULE 2				
CATV INCOME - SCHEDULE 2	\$ 58,766.47	99.03	\$ 177,929.27	99.11
INTEREST INCOME	487.38	.82	1,271.05	.71
DIVIDEND INCOME	85.81	.14	323.28	.18
	-----	-----	-----	-----
TOTAL INCOME	\$ 59,339.66	99.99	\$ 179,523.60	100.00
OPERATING EXP - SCHED 3	\$ 32,539.44	54.84	\$ 98,945.95	55.12
	-----	-----	-----	-----
OPERATING INCOME (LOSS)	\$ 26,800.22	45.15	\$ 80,577.65	44.88
MANAGEMENT FEES	\$ 4,207.50	7.09	\$ 12,512.50	6.97
INTEREST	15,334.27	25.84	46,384.48	25.84
AMORTIZATION OF LOAN FEES	929.44	1.57	2,788.32	1.55
DEPRECIATION	14,306.00	24.11	42,844.00	23.87
GAIN/LOSS FROM SALE OF ASSETS	200.93	.34	(40.28)	(.02)
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ (8,177.92)	(13.80)	\$ (23,911.37)	(13.33)
	=====	=====	=====	=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
STATEMENT OF CASH FLOWS  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 10/31/93 & THE THREE MONTHS ENDED 10/31/93

	CURRENT PERIOD	YEAR-TO-DATE
RECONCILIATION OF NET INCOME TO OPERATING CASH:		
NET INCOME (LOSS)	\$ (8,177.92)	\$ (23,911.37)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET OPERATING CASH		
DEPRECIATION AND AMORTIZATION	\$ 15,235.44	\$ 45,632.32
GAIN/LOSS FROM SALE OF ASSETS	200.93	(40.28)
CHANGE IN ASSETS & LIABILITIES		
DECR/DECR IN PURCHASED INTEREST	\$ 99.23	\$ 99.23
INCR/INCR IN ACCOUNTS RECEIVABLE	(3,407.51)	(1,475.10)
DECR/INCR IN PREPAID TAXES	1,773.50	(14,187.96)
DECR/INCR IN PREPAID RENT	114.38	(63.36)
DECR/DECR IN PREPAID EXPENSES	584.30	704.21
INCR/INCR IN ACCOUNTS PAYABLE	4,997.56	1,320.00
DECR/DECR IN ACCRUED INT-SILICON VALLEY BK	(103.39)	(645.30)
DECR/DECR IN ACCRUED INT - VIDEO ENG.	(373.88)	(2,532.16)
INCR/INCR IN ACCRUED INT - KEN DANIEL	5,029.91	14,927.62
INCR/INCR IN ACCRUED PAYROLL	411.42	2,284.00
DECR/DECR IN CONVERTER DEPOSITS	(488.36)	(1,398.75)
INCR/DECR IN OTHER LIABILITIES	127.86	(332.95)
	-----	-----
TOTAL ADJUSTMENTS	\$ 24,201.39	\$ 44,291.52
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NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 16,023.47	\$ 20,380.15
	=====	=====

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HORIZON CABLE TV, INC.  
STATEMENT OF CASH FLOWS  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 10/31/93 & THE THREE MONTHS ENDED 10/31/93

	CURRENT PERIOD	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 54,937.48	\$ 174,688.74
CASH PAID TO SUPPLIERS AND EMPLOYEES	(28,804.80)	(121,367.83)
INTEREST RECEIVED	586.61	1,370.28
DIVIDEND INCOME	85.81	323.28
INTEREST PAID	(10,781.63)	(34,634.32)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 16,023.47	\$ 20,380.15
CASH FLOWS FROM INVESTING ACTIVITIES		
CAPITAL EXPENDITURES	\$ (2,898.32)	\$ (14,383.89)
MARKETABLE SECURITIES	(1,083.94)	(12,490.76)
PROCEEDS FROM SALE OF MARKETABLE SECURITIES	32,824.36	45,970.26
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	\$ 28,842.10	\$ 19,095.61
CASH FLOWS FROM FINANCING ACTIVITIES:		
PRINCIPAL PAYMENTS	\$ (8,944.49)	\$ (26,829.07)
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ (8,944.49)	\$ (26,829.07)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 35,921.08	\$ 12,646.69
CASH/CASH EQUIVALENTS BEGINNING OF PERIOD	\$ 2,680.60	\$ 25,954.99
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CASH EQUIVALENTS END OF PERIOD	\$ 38,601.68	\$ 38,601.68
	=====	=====

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HORIZON CABLE TV, INC.  
SCHEDULE 1  
NOTES PAYABLE  
OCTOBER 31, 1993  
SEE ACCOUNTANT'S COMPILATION REPORT

	LENDER	SHORT TERM	LONG TERM	TOTAL
1.	SILICON VALLEY BANK	\$ 15,079.13	\$ 149,420.87	\$ 164,500.00
2.	VIDEO ENGIN. INC.	0	41,503.00	41,503.00
3.	KEN DANIEL	0	640,249.99	640,249.99
4.	JIM LEE	25,000.00	0	25,000.00
5.	SILICON VALLEY BANK	995,666.68	0	995,666.68
6.	GMAC	4,450.72	1,121.28	5,572.00
7.	SILICON VALLEY BANK	8,166.65	187,833.35	196,000.00
		<u>\$ 1,048,363.18</u>	<u>\$ 1,020,128.49</u>	<u>\$ 2,068,491.67</u>

	DUE DATE	INTEREST RATE	PAYABLE	COLLATERAL
1.	11/21/94	P + 3.00%	INT ONLY	SHAREHOLDER'S REAL ESTATE
2.	DEMAND	9.25%	INT SEMI-ANNUALLY	UNSECURED
3.		9.25%	*	UNSECURED
4.	6/3/94	10%	INT ONLY \$ 208.33 P/MO.	UNSECURED
5.	6/10/94	P + 2.25%	\$ 8,583.33 PRIN/MO + INT	SHAREHOLDER'S REAL ESTATE
6.	AMORTIZED	4.9%	\$ 385.39 P/MO.	CHEVY TRUCK
7.	5/1/95	P + 3%	INT ONLY	SHAREHOLDER'S REAL ESTATE

\*PAYMENTS ON THIS OBLIGATION HAVE BEEN SUSPENDED INDEFINITELY.

AS OF OCTOBER 31, 1993 PRINCIPAL PAYMENTS ARE DUE AS FOLLOWS:

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 1,048,363.18
1995	338,375.50
1996	0
1997	0
THEREAFTER	<u>681,752.99</u>
	<u>\$ 2,068,491.67</u>

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HORIZON CABLE TV, INC.  
SUPPORTING SCHEDULE 2  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 10/31/93 & THE THREE MONTHS ENDED 10/31/93

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME				
HA - INCOME	\$ 20,926.47	35.27	\$ 64,514.39	35.94
LV - INCOME	8,325.07	14.03	24,963.58	13.91
RW - INCOME	150.00	.25	450.00	.25
PM - INCOME	298.02	.50	1,349.98	.75
PR - INCOME	20,180.41	34.01	60,109.28	33.48
SB - INCOME	8,886.50	14.98	26,542.04	14.78
	-----	-----	-----	-----
TOTAL INCOME	\$ 58,766.47	99.04	\$ 177,929.27	99.11

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HORIZON CABLE TV, INC.  
SUPPORTING SCHEDULE 3  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 10/31/93 & THE THREE MONTHS ENDED 10/31/93

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
OPERATING EXP - SCHED 3				
ACCOUNTING	\$ 700.00	1.18	\$ 1,450.00	.81
BAD DEBTS	(38.52)	(.06)	1,072.52	.60
BASIC PROGRAMMING	7,828.98	13.19	24,440.49	13.61
BANK CHARGES	1,140.61	1.92	1,175.61	.65
CONTRIBUTIONS	150.00	.25	180.00	.10
COPYRIGHT FEES	96.77	.16	290.31	.16
DUES AND SUBSCRIPTIONS	141.89	.24	1,515.02	.84
FOOD & ENTERTAINMENT	.00	.00	74.41	.04
EQUIPMENT RENTAL	804.80	1.36	2,437.83	1.36
FRANCHISE APPLICATION FEES	96.21	.16	2,788.27	1.55
GASOLINE AND OIL	872.10	1.47	2,349.79	1.31
INSURANCE	930.67	1.57	2,911.03	1.62
INSURANCE - W/C	339.50	.57	1,195.08	.67
LEGAL	322.00	.54	322.00	.18
LICENSES AND PERMITS	96.88	.16	190.64	.11
MATERIALS	101.50	.17	434.94	.24
MEDICAL INSURANCE	943.09	1.59	2,714.35	1.51
OFFICE EXPENSE	1,116.54	1.88	3,268.77	1.82
PAY PROGRAMMING	6,200.00	10.45	13,893.91	7.74
PAYROLL TAXES	770.12	1.30	2,414.07	1.34
POSSESSORY INTEREST TAX	473.89	.80	1,895.56	1.06
POSTAGE	150.03	.25	951.46	.53
PERSONAL PROPERTY TAX	1,299.61	2.19	5,198.44	2.90
POLE ATTACHMENTS	335.75	.57	1,343.01	.75
RENT	520.88	.88	1,562.64	.87
REPAIRS & MAINTENANCE	455.88	.77	2,265.01	1.26
SALARIES - OFFICE	1,596.00	2.69	4,940.00	2.75
SALARIES - OTHER	1,640.73	2.76	5,042.38	2.81
STATEMENT EXPENSE	688.92	1.16	1,842.71	1.03
SUPPLIES	365.99	.62	1,573.20	.88
TELEPHONE	578.52	.97	2,065.35	1.15
TRAINING	195.00	.33	494.00	.28
TRAVEL	.00	.00	349.09	.19
TRUCK EXPENSE	240.76	.41	983.08	.55
UTILITIES	1,320.39	2.23	3,057.79	1.70
MISCELLANEOUS	63.95	.11	263.19	.15
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TOTAL OPERATING EXPENSES	\$ 32,539.44	54.84	\$ 98,945.95	55.12

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HORIZON CABLE TV, INC.  
NOTES TO FINANCIAL STATEMENT  
OCTOBER 31, 1993  
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YEAR ENDED JULY 31,	AMOUNT
1994	\$ 2,267.10
1995	<u>1,763.30</u>
	\$ 4,030.40

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KEN DANIEL	\$ 640,249.99

HORIZON CABLE TV, INC.  
NOTES TO FINANCIAL STATEMENT - CONT'D  
OCTOBER 31, 1993  
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE D      MARKETABLE SECURITIES

MARKETABLE SECURITIES ARE STATED AT COST. AS OF  
OCTOBER 31, 1993:

AGGREGATE COST	\$ 52,579
GROSS UNREALIZED GAIN	<u>1,510</u>
MARKET VALUE	\$ 54,089



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ROBERTS, EXBERGER & LUMBERT ACCOUNTANCY CORPORATION

11/09/93

HORIZON CABLE TV, INC.  
FAIRFAX, CALIFORNIA

WE HAVE COMPILED THE ACCOMPANYING BALANCE SHEET OF HORIZON CABLE TV, INC., AT SEPTEMBER 30, 1993, AND THE RELATED STATEMENTS OF INCOME AND CASH FLOWS FOR THE TWO MONTHS THEN ENDED, IN ACCORDANCE WITH STANDARDS ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF FINANCIAL STATEMENTS INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT. WE HAVE NOT AUDITED OR REVIEWED THE ACCOMPANYING FINANCIAL STATEMENTS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THEM.

*Roberts, Exberger & Lumbert*

HORIZON CABLE TV, INC.  
BALANCE SHEET  
SEE ACCOUNTANT'S  
COMPILATION REPORT

AS OF SEPTEMBER 30, 1993

ASSETS

CURRENT ASSETS

PETTY CASH	\$	40.00
CASH IN BANK - WELLS FARGO		110.04
CASH - SHEARSON LEHMAN		6,467.88
CASH IN BANK-SILICON VALLEY BK		(4,211.50)
CASH IN BANK-SILICON VALLEY BK		274.18
MARKETABLE SECURITIES - NOTE D		84,520.18
PURCHASED INTEREST		99.23
ACCOUNTS RECEIVABLE		20,108.23
PREPAID TAXES		15,961.46
PREPAID RENT		1,096.97
PREPAID EXPENSES		3,702.84

TOTAL CURRENT ASSETS

\$ 128,169.51

FIXED ASSETS - NOTE A

CATV - HAMILTON FIELD	\$	539,970.57
CATV - LUCAS VALLEY		22,571.60
CATV - DILLION BEACH		9,765.05
CATV - POINT MOLATE		25,752.72
CATV - WEST MARIN		1,793,404.04
OPERATING EQUIPMENT		13,326.07
OFFICE EQUIPMENT		21,577.30
VEHICLES		37,523.73
ACCUMULATED DEPRECIATION		(493,261.00)

TOTAL FIXED ASSETS

\$ 1,970,630.08

OTHER ASSETS

DEPOSITS	\$	251.90
LOAN FEES - NOTE A		23,535.02

TOTAL OTHER ASSETS

\$ 23,786.92

TOTAL ASSETS

\$ 2,122,586.51

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.



HORIZON CABLE TV, INC.  
BALANCE SHEET  
SEE ACCOUNTANT'S  
COMPILATION REPORT

AS OF SEPTEMBER 30, 1993

LIABILITIES AND EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$	8,222.44
NOTES PAYABLE - SCHEDULE 1		1,053,924.25
FEDERAL P/R TAXES PAYABLE		2,312.90
STATE P/R TAXES PAYABLE		269.05
ACCRUED INT-SILICON VALLEY BK		5,247.91
ACCRUED INT - VIDEO ENG.		5,586.34
ACCRUED INT - KEN DANIEL		111,061.41
ACCRUED PAYROLL		4,087.58
CONVERTER DEPOSITS		8,965.96

TOTAL CURRENT LIABILITIES

\$ 1,199,677.84

LONG TERM LIABILITIES

NOTES PAYABLE - SCHEDULE 1	\$	1,023,511.91
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TOTAL LONG TERM LIABILITIES

\$ 1,023,511.91

TOTAL LIABILITES

\$ 2,223,189.75

STOCKHOLDERS EQUITY

COMMON STOCK - NOTE A	\$	120,000.00
RETAINED EARNINGS (DEFICITS)		(204,869.79)
NET INCOME (LOSS)		(15,733.45)

TOTAL EQUITY

\$ (100,603.24)

TOTAL LIABILITIES AND EQUITY

\$ 2,122,586.51

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
INCOME STATEMENT  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 9/30/93 & THE TWO MONTHS ENDED 9/30/93

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME				
CATV INCOME - SCHEDULE 2	\$ 59,125.41	98.98	\$ 119,162.80	99.15
INTEREST INCOME	387.30	.65	783.67	.65
DIVIDEND INCOME	219.22	.37	237.47	.20
	-----	-----	-----	-----
TOTAL INCOME	\$ 59,731.93	100.00	\$ 120,183.94	100.00
OPERATING EXP - SCHED 3	\$ 28,133.71	47.10	\$ 66,406.51	55.25
	-----	-----	-----	-----
OPERATING INCOME (LOSS)	\$ 31,598.22	52.90	\$ 53,777.43	44.75
MANAGEMENT FEES	\$ 4,070.00	6.81	\$ 8,305.00	6.91
INTEREST	15,636.39	26.18	31,050.21	25.84
AMORTIZATION OF LOAN FEES	929.44	1.56	1,858.88	1.55
DEPRECIATION	14,291.00	23.93	28,538.00	23.75
GAIN/LOSS FROM SALE OF ASSETS	(241.21)	(.40)	(241.21)	(.20)
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ (3,087.40)	(5.18)	\$ (15,733.45)	(13.10)
	=====	=====	=====	=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
STATEMENT OF CASH FLOWS  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 9/30/93 & THE TWO MONTHS ENDED 9/30/93

	CURRENT PERIOD	YEAR-TO-DATE
RECONCILIATION OF NET INCOME TO OPERATING CASH:		
NET INCOME (LOSS)	\$ (3,087.40)	\$ (15,733.45)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET OPERATING CASH		
DEPRECIATION AND AMORTIZATION	\$ 15,220.44	\$ 30,396.88
GAIN/LOSS FROM SALE OF ASSETS	(241.21)	(241.21)
CHANGE IN ASSETS & LIABILITIES		
DECR/DECR IN ACCOUNTS RECEIVABLE	\$ 1,436.66	\$ 1,932.41
DECR/INCR IN PREPAID TAXES	1,773.50	(15,961.46)
INCR/INCR IN PREPAID RENT	(292.12)	(177.74)
DECR/DECR IN PREPAID EXPENSES	67.41	119.91
DECR/DECR IN ACCOUNTS PAYABLE	(5,977.56)	(3,677.56)
DECR/DECR IN ACCRUED INT-SILICON VALLEY BK	(109.77)	(541.91)
DECR/DECR IN ACCRUED INT - VIDEO ENG.	(384.40)	(2,158.28)
INCR/INCR IN ACCRUED INT - KEN DANIEL	4,867.80	9,897.71
INCR/INCR IN ACCRUED PAYROLL	974.50	1,872.58
DECR/DECR IN CONVERTER DEPOSITS	(997.48)	(910.39)
DECR/DECR IN OTHER LIABILITIES	(32.05)	(460.81)
	-----	-----
TOTAL ADJUSTMENTS	\$ 16,305.72	\$ 20,090.13
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 13,218.32	\$ 4,356.68
	=====	=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
STATEMENT OF CASH FLOWS  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 9/30/93 & THE TWO MONTHS ENDED 9/30/93

	CURRENT PERIOD	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 60,236.19	\$ 119,751.26
CASH PAID TO SUPPLIERS AND EMPLOYEES	(36,361.63)	(92,563.03)
INTEREST RECEIVED	387.30	783.67
DIVIDEND INCOME	219.22	237.47
INTEREST PAID	(11,262.76)	(23,852.69)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 13,218.32	\$ 4,356.68
CASH FLOWS FROM INVESTING ACTIVITIES		
CAPITAL EXPENDITURES	\$ (8,288.13)	\$ (11,485.57)
MARKETABLE SECURITIES	(9,420.00)	(11,406.82)
PROCEEDS FROM SALE OF MARKETABLE SECURITIES	13,145.90	13,145.90
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	\$ (4,562.23)	\$ (9,746.49)
CASH FLOWS FROM FINANCING ACTIVITIES:		
PRINCIPAL PAYMENTS	\$ (8,943.02)	\$ (17,884.58)
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ (8,943.02)	\$ (17,884.58)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (286.93)	\$ (23,274.39)
CASH/CASH EQUIVALENTS BEGINNING OF PERIOD	\$ 2,967.53	\$ 25,954.99
	-----	-----
CASH EQUIVALENTS END OF PERIOD	\$ 2,680.60	\$ 2,680.60
	=====	=====

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
SCHEDULE 1  
NOTES PAYABLE  
SEPTEMBER 30, 1993  
SEE ACCOUNTANT'S COMPILATION REPORT

	LENDER	SHORT TERM	LONG TERM	TOTAL
1.	SILICON VALLEY BANK	\$ 13,708.30	\$ 150,791.70	\$ 164,500.00
2.	VIDEO ENGIN. INC.	0	41,503.00	41,503.00
3.	KEN DANIEL	0	640,249.99	640,249.99
4.	JIM LEE	25,000.00	0	25,000.00
5.	SILICON VALLEY BANK	1,004,250.01	0	1,004,250.01
6.	GMAC	4,432.62	1,500.54	5,933.16
7.	SILICON VALLEY BANK	6,533.32	189,466.68	196,000.00
		<u>\$ 1,053,924.25</u>	<u>\$ 1,023,511.91</u>	<u>\$ 2,077,436.16</u>

	DUE DATE	INTEREST RATE	PAYABLE	COLLATERAL
1.	11/21/94	P + 3.00%	INT ONLY	SHAREHOLDER'S REAL ESTATE
2.	DEMAND	9.25%	INT SEMI-ANNUALLY	UNSECURED
3.		9.25%	*	UNSECURED
4.	6/3/94	10%	INT ONLY \$ 208.33 P/MO.	UNSECURED
5.	6/10/94	P + 2.25%	\$ 8,583.33 PRIN/MO + INT	SHAREHOLDER'S REAL ESTATE
6.	AMORTIZED	4.9%	\$ 385.39 P/MO.	CHEVY TRUCK
7.	5/1/95	P + 3%	INT ONLY	SHAREHOLDER'S REAL ESTATE

\*PAYMENTS ON THIS OBLIGATION HAVE BEEN SUSPENDED INDEFINITELY.

AS OF SEPTEMBER 30, 1993 PRINCIPAL PAYMENTS ARE DUE AS FOLLOWS:

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 1,053,924.25
1995	341,758.92
1996	0
1997	0
THEREAFTER	<u>681,752.99</u>
	<u>\$ 2,077,436.16</u>

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
SUPPORTING SCHEDULE 2  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 9/30/93 & THE TWO MONTHS ENDED 9/30/93

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
INCOME				
HA - INCOME	\$ 21,513.91	36.02	\$ 43,587.92	36.27
LV - INCOME	8,379.55	14.03	16,638.51	13.84
RW - INCOME	150.00	.25	300.00	.25
PM - INCOME	492.45	.82	1,051.96	.88
PR - INCOME	19,814.69	33.17	39,928.87	33.22
SB - INCOME	8,774.81	14.69	17,655.54	14.69
	-----	-----	-----	-----
TOTAL INCOME	\$ 59,125.41	98.98	\$ 119,162.80	99.15

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
SUPPORTING SCHEDULE 3  
SEE ACCOUNTANT'S  
COMPILATION REPORT

FOR THE MONTH ENDED 9/30/93 & THE TWO MONTHS ENDED 9/30/93

	CURRENT-PERIOD AMOUNT	CUR-PD RATIO	YEAR-TO-DATE AMOUNT	Y-T-D RATIO
OPERATING EXP - SCHED 3				
ACCOUNTING	\$ 500.00	.84	\$ 750.00	.62
BAD DEBTS	5.88	.01	1,111.04	.92
BASIC PROGRAMMING	6,120.68	10.25	16,611.51	13.82
BANK CHARGES	25.00	.04	35.00	.03
CONTRIBUTIONS	.00	.00	30.00	.02
COPYRIGHT FEES	96.77	.16	193.54	.16
DUES AND SUBSCRIPTIONS	298.05	.50	1,373.13	1.14
FOOD & ENTERTAINMENT	74.41	.12	74.41	.06
EQUIPMENT RENTAL	934.60	1.56	1,633.03	1.36
FRANCHISE APPLICATION FEES	96.21	.16	2,692.06	2.24
GASOLINE AND OIL	868.52	1.45	1,477.69	1.23
INSURANCE	930.67	1.56	1,980.36	1.65
INSURANCE - W/C	336.77	.56	855.58	.71
LICENSES AND PERMITS	46.88	.08	93.76	.08
MATERIALS	53.60	.09	333.44	.28
MEDICAL INSURANCE	967.34	1.62	1,771.26	1.47
OFFICE EXPENSE	833.94	1.40	2,152.23	1.79
PAY PROGRAMMING	1,834.05	3.07	7,693.91	6.40
PAYROLL TAXES	649.49	1.09	1,643.95	1.37
POSSESSORY INTEREST TAX	473.89	.79	1,421.67	1.18
POSTAGE	647.69	1.08	801.43	.67
PERSONAL PROPERTY TAX	1,299.61	2.18	3,898.83	3.24
POLE ATTACHMENTS	1,007.26	1.69	1,007.26	.84
RENT	520.88	.87	1,041.76	.87
REPAIRS & MAINTENANCE	1,573.86	2.63	1,809.13	1.51
SALARIES - OFFICE	1,672.00	2.80	3,344.00	2.78
SALARIES - OTHER	1,986.57	3.33	3,401.65	2.83
STATEMENT EXPENSE	602.68	1.01	1,153.79	.96
SUPPLIES	832.19	1.39	1,207.21	1.00
TELEPHONE	534.33	.89	1,486.83	1.24
TRAINING	200.00	.33	299.00	.25
TRAVEL	665.97	1.11	349.09	.29
TRUCK EXPENSE	141.90	.24	742.32	.62
UTILITIES	1,202.97	2.01	1,737.40	1.45
MISCELLANEOUS	99.05	.17	199.24	.17
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TOTAL OPERATING EXPENSES	\$ 28,133.71	47.08	\$ 66,406.51	55.25

ATTACHED NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

HORIZON CABLE TV, INC.  
NOTES TO FINANCIAL STATEMENT  
SEPTEMBER 30, 1993  
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

THE COMPANY CONSTRUCTS, OPERATES AND MAINTAINS CABLE TELEVISION SYSTEMS IN THE FAIRFAX AREA. THE CORPORATION GRANTS CREDIT TO CUSTOMERS, SUBSTANTIALLY ALL OF WHOM ARE LOCAL RESIDENTS.

FIXED ASSETS

FIXED ASSETS CONSIST OF CABLE TV SYSTEMS, TEST AND OPERATING EQUIPMENT, OFFICE EQUIPMENT AND VEHICLES. DEPRECIATION ON THESE ASSETS IS COMPUTED FOR FINANCIAL STATEMENT PURPOSES BY A COMBINATION OF BOTH STRAIGHT-LINE AND DECLINING BALANCE METHODS APPLIED TO INDIVIDUAL ASSETS. THE ESTIMATED LIVES ARE FROM FIVE TO FIFTEEN YEARS.

FOR FEDERAL INCOME TAX PURPOSES, THE MODIFIED ACCELERATED COST RECOVERY SYSTEM IS USED FOR ASSETS ACQUIRED AFTER 1986.

BAD DEBTS

NO PROVISION HAS BEEN MADE FOR ACCOUNTS RECEIVABLE THAT MAY BE UNCOLLECTIBLE. IT HAS BEEN THE POLICY OF MANAGEMENT TO WRITE OFF BAD DEBTS IMMEDIATELY UPON SUCH DETERMINATION.

COMMON STOCK

10,000 SHARES OF COMMON STOCK WERE AUTHORIZED AND 4,000 SHARES HAVE BEEN ISSUED AT \$ 30.00 PER SHARE.

INCOME TAXES

INCOME TAXES FOR HORIZON CABLE TV, INC. FOR THE YEAR ENDED JULY 31, 1993 WERE \$ 800.00 FOR CALIFORNIA AND \$ -0- FOR FEDERAL. THE COMPANY FILES A CONSOLIDATED TAX RETURN WITH ITS PARENT CORPORATION, VIDEO ENGINEERING, INC. HORIZON CABLE TV, INC. IS A WHOLLY-OWNED SUBSIDIARY OF VIDEO ENGINEERING, INC., A PRIVATELY-HELD CORPORATION.

THE DIFFERENCES BETWEEN PRE-TAX ACCOUNTING INCOME AND TAXABLE INCOME, SUCH AS THE USE OF ACCELERATED METHODS OF DEPRECIATION, ARE NOT DEEMED TO BE MATERIAL. THEREFORE, A DEFERRED TAX LIABILITY HAS NOT BEEN RECOGNIZED.



HORIZON CABLE TV, INC.  
NOTES TO FINANCIAL STATEMENT - CONT'D  
SEPTEMBER 30, 1993  
SEE ACCOUNTANT'S COMPILATION REPORT

NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D  
  
STATEMENT OF CASH FLOWS

THE STATEMENT OF CASH FLOWS USES THE DIRECT METHOD. THE CORPORATION CONSIDERS ALL HIGHLY LIQUID DEBT INSTRUMENTS PURCHASED WITH A MATURITY OF THREE MONTHS OR LESS TO BE CASH EQUIVALENTS.

LOAN FEES

THERE ARE TWO LOAN FEES PAID ON SILICON VALLEY BANK NOTES. THE FIRST ONE, IN THE AMOUNT OF \$ 12,415.10 DATED NOVEMBER 21, 1991, IS BEING AMORTIZED OVER THE THREE YEAR LIFE OF THE LOAN. THE SECOND ONE, IN THE AMOUNT OF \$ 26,891.00 DATED JUNE 15, 1991, IS BEING AMORTIZED OVER THE FIVE YEAR LIFE OF THE LOAN.

NOTE B      OPERATING LEASE

THE COMPANY IS LEASING A COMPUTER AND SOFTWARE FROM ADVANTA. THE LEASE IS FOR A FOUR YEAR TERM BEGINNING FEBRUARY, 1991 WITH A MONTHLY RENTAL OF \$ 251.90.

THE FOLLOWING IS A SCHEDULE BY YEARS OF MINIMUM LEASE PAYMENTS AS OF SEPTEMBER 30, 1993.

YEAR ENDED JULY 31,	AMOUNT
1994	\$ 2,519.00
1995	<u>1,763.30</u>
	\$ 4,282.30

NOTE C      RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS ARE INCLUDED ON THE SCHEDULE OF NOTES PAYABLE AND CONSIST OF THE FOLLOWING:

VIDEO ENGINEERING, INC.	\$ 41,503.00
KEN DANIEL	\$ 640,249.99